



Tax-Exempt Commercial Paper Program Has Arrived

On May 1, the State will issue the first \$70 million of Tax-Exempt Commercial Paper (TXCP) for its general obligation (GO) bond program. The TXCP is secured by a line of credit from a syndicate headed by Morgan Guaranty, and the full faith and credit of the State of California. The \$70 million will be used as interim financing for various projects authorized under several GO bond acts. Long-term GO bonds will be sold to retire the TXCP.

The State Treasurer sponsored legislation to allow the State to issue TXCP for short-term financing. The measures were signed by Governor Pete Wilson.

Other TXCP programs that we are working on are: (1) State Public Works Board lease-purchase revenue bonds, (2) Joint Powers Authority lease-purchase revenue bonds, and (3) Revenue Anticipation Notes for cash flow. We will keep you posted on the development of these programs.

TXCP allows the State to take advantage of the interest rate differential between TXCP and various short-term financing vehicles available to the State. Under certain interest rate environments, the interest rate differential could be as high as two percentage points. Interest savings on an average balance of \$500 million will be about \$10 million. The limit on the GO TXCP program is \$1 billion. The State Treasurer's Office will monitor the interest rates and use this new tool whenever it is advantageous to the State.

END OF AN ERA RAWs Retired

At 10:15 a.m., April 25, the Treasurer wired \$4,173,852,739.72 to the Depository Trust Company (DTC) for the principal and interest payment of the \$4 billion Revenue Anticipation Warrants. The DTC serves as the State's paying agent and credited the payment to the accounts of warrant holders.

The warrants were issued by the State in July 1994 as part of the State's budget deficit retirement plan. Since then, the State's economy has recovered and was able to meet its obligations on April 25. For the first time since fiscal year 1990-91, the State is free of any deficit retirement debt.

1995-96 RANs Issued

On April 17, the State issued \$2 billion in 1995-96 Revenue Anticipation Notes (RANs). This is the State's normal operating cash flow borrowing. The proceeds will be used to pay bills in April, May and June. The notes were underwritten by a syndicate headed by Bank of America NT & SA. They carry a coupon rate of 4.25% and will mature on June 28.

For the first time since 1990-91, RANs received the highest short-term rating from all three rating agencies without any credit enhancements.

State Public Works Board Bond Sale

The State Public Works Board is scheduled to issue \$450 million of lease-purchase revenue bonds on April 30. The bond proceeds will be used to construct a correctional facility at Corcoran. The issue is underwritten by a syndicate headed by Bear, Stearns & Co., Inc.

Ask the State Treasurer

Q: What is a Medallion Signature Guarantee?

A: A Medallion Signature Guarantee is a stamp affixed to various legal documents. It is used by banks, brokerage houses, and other members in the financial community to authenticate signatures. By affixing the stamp, a Medallion Signature Program participant guarantees that the signature is valid, that the person signing is the appropriate person to sign, and that the signer has the legal capacity to sign.

Q: I was required by your office to have my signature Medallion Guaranteed when I submitted my bond for re-registration. Why?

A: This requirement is made to protect the bondholders from fraudulent transfer.

Q: Where can I obtain a Medallion Signature Guarantee?

A: A Medallion Signature Guarantee can usually be obtained through your bank, brokerage house and at most credit unions.



STO is on the Internet

Locate the State Treasurer's office on the California Home Page or at our own web site:
(<http://www.treasurer.ca.gov>)

Listing of Redemptions

This listing reflects redemptions officially announced as of April 26, 1996. On June 1, 1996 the following bonds will be redeemed:

Central Valley Project Power Facilities Revenue Bonds, Series H (Full redemption)
\$21,090,000, due December 1, 2002 through December 1, 2004 will be redeemed.

If there are any questions regarding the purpose or timing of these calls, please call (916) 653-3451. For redemption payment or registration information, please call (916) 653-2884.

Newsletter Mailing List

Since interest checks are mailed every six months, you will receive *The Treasury Note* twice a year unless you hold other California State bonds with different interest payment dates. If you would like to be on the mailing list to receive *The Treasury Note* monthly, please send your name and address to the Investor Relations Program at the address on the previous page.

Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker a couple of weeks before the sale date.

BOND SALES	AMOUNT in millions	SALE DATE
State Public Works Board, Department of Corrections, Lease Purchase Revenue Bonds	\$450	April 30, 1996
Department of Water Resources, Central Valley Project Water System Revenue Bonds, Series P	\$160	May 7, 1996
CSU Student Union	\$22	May 22, 1996
CHFA Home Mortgage Revenue Bond	\$150 million or less	May 23, 1996
Revenue Anticipation Notes (RANs)	\$3.2 billion or less	July 1996
State Public Works Board, California Museum of Science and Industry, Lease Purchase Revenue Bonds	\$32	Summer or Fall 1996

*Subject to change